

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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In the Matter of)
)
Amendment of the Part 69 Allocation)
of General Support Facility Costs)

CC Docket No. 92-222

REPLY COMMENTS OF MFS COMMUNICATIONS COMPANY, INC.

MFS Communications Company, Inc. ("MFS"), by its undersigned counsel, hereby replies to the comments submitted in response to the Notice of Proposed Rulemaking that was contained in the Commission's *Special Access Expanded Interconnection Order* (the "*Order*").¹

The initial comments filed with the Commission in this docket revealed broad support for the proposal to amend 47 C.F.R. § 69.307 to change the allocation of General Support Facilities (GSF) investment among the interstate access categories.

The proposed amendment was opposed only by the District of Columbia Public Service Commission ("DCPSC"), which expressed concern about the increases in End User Common Line ("EUCL") charges that would be caused by the rule change. MFS believes that the concerns raised by the DCPSC relate to unique local conditions in the District of Columbia and are not generally valid elsewhere. Therefore, MFS respectfully suggests that if the Commission deems it appropriate to address these concerns, it should

¹ *Expanded Interconnection with Local Telephone Company Facilities*, CC Dockets No. 91-141 and 92-222, Report and Order and Notice of Proposed Rulemaking, FCC 92-440, paras. 267-69 (released October 19, 1992).

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do so by a waiver or other limited relief. It should not change its nationwide policies to accommodate specific local issues.

A number of parties who support the proposed amendment also requested that the Commission determine how Part 69 cost changes should be flowed through to individual access rate elements by price cap carriers. (For rate of return carriers, this is not an issue because the Part 69 allocations directly determine the level of rates; a change in one compels a change in the other.) For all baskets other than special access, MFS agrees with those parties who support an exogenous cost adjustment to the Price Cap Indexes for each basket as the most appropriate action.² For special access, however, a modified approach is necessary because of the Commission's determination in the *Order* that current rates for high capacity (DS-1 and DS-3) special access services likely recover a smaller share of GSF support flows than do other special access rates. As the Commission stated, "[m]ost of the Tier 1 price cap LECs have substantially reduced their DS-1 and DS-3 rates in recent years, and it therefore appears likely that rates for such services recover significantly less GSF support amounts than do other special access services." *Order*, para. 148. It is therefore essential that these services receive a smaller share of any rate reduction due to GSF reallocation, to protect customers of other special access services against being required to cross-subsidize high capacity services.

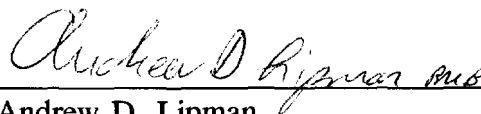
² MFS does not support the suggestion by several LECs that the \$3.50 per month cap on residential EUCL charges should be modified in this docket. Although such a change may be worthy of consideration as a long-term measure, it would be inappropriate to adopt it on an expedited basis without a full opportunity for comment and consideration of the potential impacts on residential users.

In response to this concern, Teleport Communications Group ("TCG") proposed that the Commission apply a uniform Rate Adjustment Factor ("RAF") to all special access rate elements. TCG apparently proposes, however, to apply the same RAF to all special access services, despite the Commission's finding that DS-1 and DS-3 services bear a smaller share of GSF support flows. To correct this deficiency, MFS proposes an adjusted RAF plan as described in Appendix A hereto. MFS' proposal would require uniform adjustments to all special access rate elements, except that DS-1 and DS-3 services only 70% of the proportionate reduction applied to other special access services. This 70% ratio was selected to reflect the fact that price cap LECs have been able to decrease prices for high capacity services, and increase prices in other special access service categories by five percent annually (so that rates can deviate overall by 10% per year) for each of the three years of price cap regulation (including the adjustments that will become effective on July 1, 1993). The use of a weighting factor will result in a somewhat greater rate reduction for customers of voice grade and other non-high capacity special access services than would TCG's across-the-board approach, thereby offsetting the higher implicit contribution those services now make to GSF support flows.

In addition to addressing the merits of the GSF reallocation proposal, a number of local exchange carriers ("LECs") urged the Commission to consider more extensive revisions to Part 69. These proposals are outside the scope of the present docket, and should not be acted upon at this time. MFS understands that the Common Carrier Bureau is currently considering a number of options for long-term changes to Part 69. Any major revision of the access charge rules should occur only after all interested

parties have received notice of the options being considered and have had a full opportunity to present their views to the Commission.

Respectfully submitted,

A handwritten signature in cursive script, reading "Andrew D. Lipman", is written over a horizontal line.

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APPENDIX A

Special Access Rate Adjustment Proposal

MFS proposes the following procedure for adjusting the special access rates of price cap carriers to account for the proposed GSF cost reallocation.

1. The following adjustments should be made *after* the determination of new price cap indexes and rate levels effective July 1, 1993. The GSF rate adjustment could be made effective simultaneously with the 1993 price cap tariffs, if the Commission so desires, provided that the GSF rate adjustments are applied to 1993 indexes and rate levels.

2. Each LEC should compute the revenue weight for each of its special access rate elements in the manner provided for calculation of the Service Band Index; *i.e.*, the base period demand multiplied by the July 1, 1993, rate for each element.

3. The revenue weight for each element in the DS-1 and DS-3 service subcategories should be multiplied by an adjustment factor of 0.7 (or 70%).

4. The overall Revenue Adjustment Factor (RAF) should be set equal to the annual reduction in Part 69 special access costs resulting from GSF reallocation, divided by the sum of the adjusted revenue weights for all special access rate elements.

5. All special access rate elements *except* those in the DS-1 and DS-3 subcategories should be reduced by a proportion equal to the overall RAF; *i.e.*,

$$\text{new rate} = \text{old rate} \times (1 - \text{RAF})$$

All rate elements in the DS-1 and DS-3 subcategories should be reduced by a proportion equal to 70% of the overall RAF; *i.e.*,

$$\text{new rate} = \text{old rate} \times (1 - (.7 \times \text{RAF}))$$

6. For the period from July 1, 1993, through June 30, 1994, the Commission should waive 47 C.F.R. §§ 61.47(e) and (h) to the extent that the rates adjusted according to this procedure result in a Service Band Index for any special access service category or subcategory that is below the permissible pricing flexibility band. Any proposed reduction below the adjusted level, however, should be treated as a below-band tariff filing (unless it is within the unadjusted five percent pricing flexibility band).

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of December 1992, copies of Reply Comments of MFS Communications Company, Inc. were served by first class mail, postage prepaid, on the following:

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